

Washington, DC – As part of his effort to improve the health reform law, Congressman Maurice Hinchey (D-NY) this week became an original co-sponsor of a bill that would repeal a provision that in 2012 will require businesses to send IRS Form 1099s for every business-to-business transaction of \$600 or more for both property and services. The Small Business Tax Relief Act of 2011, H.R. 417, would help small businesses, which say the requirement needlessly complicates the tax filing process without offering a foreseeable benefit.

"Employers in our part of New York and across the country should be in the job creating business - not the paperwork business," said Hinchey. "The health care law made a lot of important improvements but we need to continually work for smart changes that everyone can agree on. This new requirement won't improve our health care system and it needs to be eliminated. That's what I'm working hard to do, and I'm hopeful that we'll get bipartisan support."

President Obama highlighted the new 1099s filing requirement in his State of the Union address, noting that it would place an "unnecessary bookkeeping burden on small businesses." The expanded reporting requirement is not currently in place and is not scheduled to take effect until 2012. The provision was included in the Affordable Care Act to raise revenue by reducing the "tax gap," or the amount of income that goes unreported by large corporations, by requiring more comprehensive reporting of purchases of property and services.

H.R. 417 is fully paid for by a 5.4% surcharge on adjusted gross income that exceeds \$1,000,000 annually for joint tax filers and \$800,000 annually for individual filers. Any revenue raised in excess of the amount necessary to offset the repeal of the 1099 requirement is required to be used to pay down the federal deficit and debt.

Hinchey has also targeted several other areas where the Affordable Care law could be improved to further lower costs and improve the system as a whole. Notably, he has focused on allowing for the negotiation of prescription drug costs through Medicare to save \$156 billion over ten years and accelerating the time frame for implementing provisions that reduce prescription drug costs and reduce Medicare fraud. The congressman has also cited a need for an expedited timeframe with regard to provisions that create greater choice and competition and noted his continued support for a public option that the Congressional Budget Office says would further reduce costs.

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